

**ORIGINAL**

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF MARYLAND  
(GREENBELT DIVISION)**

**ENTERED**

**NOV 22 2002**

**U.S. BANKRUPTCY COURT  
DISTRICT OF MARYLAND  
GREENBELT**

In re:

Mattress Discounters Corporation and  
T.J.B., Inc.,

Debtors.

Chapter 11

Case No. 02-22330-DK

(Jointly Administered)

**STIPULATION AND CONSENT ORDER BETWEEN DEBTORS  
AND SACRAMENTO MUNICIPAL UTILITY DISTRICT REGARDING  
ADEQUATE ASSURANCE UNDER BANKRUPTCY CODE SECTION 366**

This Stipulation is entered into by Mattress Discounters Corporation and T.J.B., Inc., debtors and debtors-in-possession in these Chapter 11 cases (the "Debtors"), and Sacramento Municipal Utility District ("UTILITY");

WHEREAS, on October 23, 2002, the Debtors filed petitions for relief under Chapter 11 of the United States Bankruptcy Code and are continuing to operate their business as debtors-in-possession pursuant to Sections 1107 and 1108 of the Bankruptcy Code;

WHEREAS, the Debtors filed an Emergency Motion for Interim and Final Orders Under 11 U.S.C. §§ 105, 362, 365, 503(b), 507(a) and 366(b) (i) Prohibiting Utilities from Altering, Refusing or Discontinuing Services on Account of Prepetition Claims; (ii) Establishing Procedures for Determining Requests for Additional Adequate Assurance (the "Motion");

WHEREAS, UTILITY objected to the Debtors' Motion (the "Objection");

WHEREAS, to avoid the cost of litigation and to resolve the Objection, the parties have entered into this Stipulation and Consent Order (the "Consent Order"), which will provide UTILITY with adequate assurance of payment pursuant to Section 366 of the

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Bankruptcy Code; and accordingly,

IT IS HEREBY STIPULATED AND AGREED THAT:

1. As adequate assurance of payment under section 366(b) of the Bankruptcy Code, the Debtors shall pay to UTILITY a cash deposit in the amount of \$3,000 on or before November 15, 2002 by delivering such payment to the office of UTILITY'S undersigned counsel.

2. The Debtors shall continue to be billed and to pay for post-petition utility service in accordance with their customary pre-petition billing and payment procedures. Any unpaid post-petition charges for post-petition utility services due to UTILITY shall constitute actual and necessary expenses of preserving the Debtors' estates under section 503(b)(1)(A) of the Bankruptcy Code, entitling UTILITY to an administrative expense priority under section 507(a)(1) of the Bankruptcy Code.

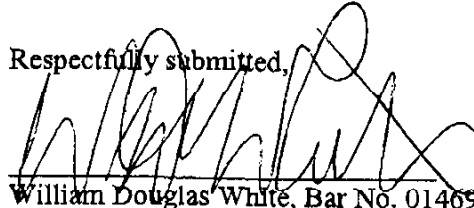
3. In the event the Debtors close or sell a facility or facilities that receive utility service from UTILITY, the Debtors shall notify UTILITY of the facility closing or sale so that service to the Debtors on the accounts for the facility or facilities can be terminated consensually. Upon termination of service or entry of an order of confirmation of a plan, upon Debtors' request, UTILITY shall refund to Debtors any deposit or portion thereof to the extent there are no unpaid post-petition invoices for billed or accrued services.

4. This Consent Order shall govern the rights of the parties on adequate assurance under 11 U.S.C. § 366 notwithstanding the entry of any other order in this case on adequate assurance (including the Court's Interim Order Under 11 U.S.C. § § 105, 362, 365, 503(b), 507(a) and 366 (i) Prohibiting Utilities from Altering, Refusing or Discontinuing

Services on Account of Prepetition Claims and (ii) Establishing Procedures for Determining Requests for Additional Adequate Assurance entered on November 6, 2002), which other orders shall not apply to the parties hereto.

Dated: November 19, 2002

Respectfully submitted,



William Douglas White, Bar No. 01469

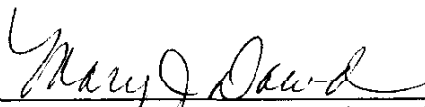
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Attorneys for the Debtors

SO ORDERED, this 20<sup>th</sup> day of November, 2002

  
Duncan W. Keir  
UNITED STATES BANKRUPTCY JUDGE